

UNADILLA TOWNSHIP
(Livingston)

3/04
47-1160

REPORT ON AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

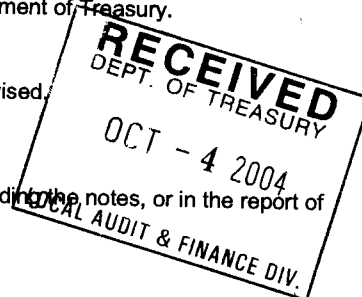
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name UNADILLA TOWNSHIP	County LIVINGSTON
Audit Date 3/31/04	Opinion Date 8/17/04	Date Accountant Report Submitted to State: 9/28/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) PFEFFER, HANNIFORD & PALKA			
Street Address 225 E GRAND RIVER - SUITE 104		City BRIGHTON	State MI
Accountant Signature 		ZIP Code 48116-1575	Date 9/28/04

UNADILLA TOWNSHIP

TOWNSHIP OFFICIALS

Supervisor - Judy Williams
Treasurer - Bonnie Mahler
Clerk - Linda J. Topping

TOWNSHIP BOARD OF TRUSTEES

Warren Krueger
Lori Cowan

TOWNSHIP ATTORNEYS

Foster, Swift, Collins & Smith, P.C.

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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PFEFFER • HANNIFORD • PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
AICPA Private Practice Companies Section
MACPA

225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
FAX (810) 229-5578

August 17, 2004

Board of Trustees
Unadilla Township
18806 Dexter Trail
Gregory, Michigan 48137

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying general purpose financial statements of Unadilla Township as of and for the year ended March 31, 2004, as listed in the table of contents on pages 8 - 20. These general purpose financial statements are the responsibility of the township board. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Unadilla Township as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 17, 2004, on our consideration of internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supplementary information on pages 28 - 53 in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Unadilla Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Pfeffer, Hanniford & Palka

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

GENERAL PURPOSE
FINANCIAL
STATEMENTS

COMBINED FINANCIAL
STATEMENTS

UNADILLA TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

GOVERNMENTAL FUND TYPES

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>ASSETS</u>				
Assets				
Cash and cash equivalents	\$ 438,644	\$ 9,372	\$ 5,931	\$ 883,797
Taxes receivable	32,560	1,326		
State shared revenues receivable	29,652			
Due from other funds	5,026			
Due from county				
Special assessment receivable				31,517
Property and equipment				2,210,419
Amount available in debt service fund				
Amount to be provided for debt retirement				
Total assets	<u>\$ 505,882</u>	<u>\$ 10,698</u>	<u>\$ 5,931</u>	<u>\$ 3,125,733</u>
<u>LIABILITIES</u>				
Liabilities				
Accounts payable	\$ 18,808	\$ 599	\$	\$
Payroll taxes payable	5,128			
Performance deposit				
Due to other funds				
Deferred revenues				
Bonds payable				2,210,419
Total liabilities	23,936	599		2,210,419
FUND EQUITY				
Investment in general fixed assets				
Fund balance	<u>481,946</u>	<u>10,099</u>	<u>5,931</u>	<u>915,314</u>
Total fund equity	<u>481,946</u>	<u>10,099</u>	<u>5,931</u>	<u>915,314</u>
Total liabilities and fund equity	<u>\$ 505,882</u>	<u>\$ 10,698</u>	<u>\$ 5,931</u>	<u>\$ 3,125,733</u>

The accompanying notes are an integral part of these financial statements

FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	3/31/2004	3/31/2003
Agency				
\$ 6,997	\$	\$	\$ 1,344,741	\$ 1,198,547
			33,886	34,436
			29,652	34,394
			5,026	1,333
			31,517	40,096
	1,256,890		2,210,419	2,479,795
			1,256,890	1,256,890
		5,931	5,931	5,932
		2,909,547	2,909,547	3,062,787
<u>\$ 6,997</u>	<u>\$ 1,256,890</u>	<u>\$ 2,915,478</u>	<u>\$ 7,827,609</u>	<u>\$ 8,114,210</u>
\$ 1,971	\$	\$	\$ 21,378	\$ 3,113
			5,128	733
5,026				1,129
			5,026	1,333
			2,210,419	2,479,795
		2,915,478	2,915,478	3,068,719
6,997		2,915,478	5,157,429	5,554,822
	1,256,890		1,256,890	1,256,890
			1,413,290	1,302,498
	1,256,890		2,670,180	2,559,388
<u>\$ 6,997</u>	<u>\$ 1,256,890</u>	<u>\$ 2,915,478</u>	<u>\$ 7,827,609</u>	<u>\$ 8,114,210</u>

UNADILLA TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>General</u>	<u>Special Revenue</u>
REVENUES		
Property taxes and special assessments	\$ 333,236	\$ 7,363
Grant		314
Licenses and permits	18,997	
State revenue sharing	225,182	
Charges for services	40,985	
Interest earnings	5,914	33
Other revenue	<u>8,510</u>	
Total revenues	<u>632,824</u>	<u>7,710</u>
EXPENDITURES		
Legislative	4,585	
General government	327,160	
Public safety	316,974	
Public works		7,112
Debt service - Principal		
Debt service - Interest and agent fees		
Total expenditures	<u>648,719</u>	<u>7,112</u>
Excess (deficiency) of revenues over expenditures before other financing (sources) uses	(15,895)	598
OTHER FINANCING SOURCES (USES)		
Operating transfer - in		1,049
Operating transfer - (out)	<u>(1,049)</u>	
Total other financing sources (uses)	<u>(1,049)</u>	<u>1,049</u>
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	<u>(16,944)</u>	<u>1,647</u>
FUND BALANCE, APRIL 1, 2003	<u>498,890</u>	<u>8,452</u>
FUND BALANCE, MARCH 31, 2004	<u>\$ 481,946</u>	<u>\$ 10,099</u>

The accompanying notes are an integral part of these financial statements

Debt Service	Capital Projects	Totals (Memorandum only)	
		3/31/2004	3/31/2003
\$	\$ 269,238	\$ 609,837	\$ 327,217
	366,000	366,314	17,264
		18,997	242,735
		225,182	34,014
		40,985	161,810
30	142,252	148,229	71,079
		8,510	
30	777,490	1,418,054	854,119
		4,585	6,915
		327,160	185,469
		316,974	316,033
	368,230	375,342	2,987,523
	153,241	153,241	100,000
31	129,929	129,960	6,670
31	651,400	1,307,262	3,602,611
(1)	126,090	110,792	(2,748,492)
		1,049	
		(1,049)	
(1)	126,090	110,792	(2,748,492)
5,932	789,224	1,302,498	4,050,990
\$ 5,931	\$ 915,314	\$ 1,413,290	\$ 1,302,498

UNADILLA TOWNSHIP
GENERAL FUND
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes and special assessments	\$	\$ 333,236	\$
Licenses and permits		18,997	
State revenue sharing		225,182	
Charges for services		40,985	
Interest earnings		5,914	
Other revenue		8,510	
Total revenues	602,550	632,824	30,274
EXPENDITURES			
Legislative		4,585	
General government		327,160	
Public safety		316,974	
Public works			
Total expenditures	694,188	648,719	45,469
Excess (deficiency) of revenues over expenditures before other financing sources	(91,638)	(15,895)	75,743
OTHER FINANCING SOURCES (USES)		(1,049)	(1,049)
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	(91,638)	(16,944)	74,694
FUND BALANCE, APRIL 1, 2003	498,890	498,890	
FUND BALANCE, MARCH 31, 2004	\$ 407,252	\$ 481,946	\$ 74,694

Budgets were not prepared for the Special Revenue Funds.

NOTES
TO
FINANCIAL
STATEMENTS

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Unadilla Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The transactions of each fund or account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, as follows:

1. GOVERNMENTAL FUND

General Fund - This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the township. Revenues are derived primarily from property taxes and other state intergovernmental revenues.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue resources (other than assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. These funds include: Street Special Assessment, Police Department Training and Street lighting.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. There is one debt service fund which is the Debt Retirement Fund.

Capital Project Funds - These funds account for financial resources segregated for the acquisition of major capital facilities. There is one capital project fund which is the Sewer Capital Projects Fund.

2. FIDUCIARY FUNDS

Agency Funds - Agency funds are used to account for assets held by the township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. There are two agency funds which is the Current Tax Collection and Trust Agency Fund.

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. ACCOUNT GROUPS

General Fixed Assets Account Group - This account group presents the fixed assets of the township utilized in its general operation (non-proprietary fixed assets).

General Long-Term Debt Account Group - This account group presents the general long-term debt of the township.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer assessed income, gross receipts and sales taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

C. BUDGETARY DATA

The township's original budget was adopted prior to April 1, 2003. A budget was adopted for the general fund and street lighting fund. Amendments made during the fiscal year are reflected in the budget column.

The township adopts its budget by functional activity which is the level of classification detail at which expenditures may not legally exceed appropriations.

No budgets were prepared for the special revenues funds which is a requirement of Public Act 493 of 2000.

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For the year ended March 31, 2004, expenditures exceeded appropriations in the following functional activities:

	<u>Budget</u>	<u>Actual</u>	<u>Expenditures in Excess of Budget Appropriations</u>
GENERAL FUND			
Assessor	\$ 23,800	\$ 23,866	\$ 66
Attorney	18,000	22,400	4,400
Planning	18,697	21,779	3,082
Zoning	24,050	24,744	694
Board of review	2,900	2,943	43
Treasurer	19,315	24,939	5,624
Building and grounds	18,600	18,888	288
Unallocated	43,750	44,307	557

No budget was prepared for street lighting, police training or dust control.

D. PROPERTY TAX REVENUE RECOGNITION

The township property tax is levied each December 1 on the taxable value of property located in the township as of the preceding December 31. Assessed values are established annually by the county and are equalized by the state at an estimated 50 percent of current market value. Real and personal property in the township for the 2003 levy was assessed and equalized at \$88,354,744, representing 50 percent of estimated current market value. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection. Information related to the 2003 tax levy is as follows:

	<u>Millage Rate</u>
Township Operations	\$.8429
Roads	.8666
Fire equipment	.8452
Police	<u>1.2678</u>
Total township millage	<u>\$ 3.82250</u>

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The State Tax Commission has indicated that it plans to reformulate the multipliers. The State Tax Tribunal has informally indicated that once the new multipliers are approved, it may allow them to be applied retroactively in pending personal property tax appeals.

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets for the township are recorded in the general fixed assets account group and are valued based upon historical costs.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 2 - FINANCIAL REPORTING ENTITY

In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 39, certain other governmental organizations are not considered to be part of the reporting entity for financial statement purposes.

The criteria established by GASB Statement No. 39 for various governmental organizations to be included in the reporting entity's financial statements include accountability, control, and significant financial relationships.

The accompanying financial statements of Unadilla Township as of March 31, 2004, include any and all boards, agencies, funds and account groups under the jurisdiction of the Unadilla Township Board.

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

	Balance 4/1/03	<u>Additions</u>	<u>Subtractions</u>	Balance 3/31/04
Township Hall	\$ 139,626	\$	\$	\$ 139,626
Fire Station	352,803			352,803
Fire equipment	598,426			598,426
Police station	19,360			19,360
Police equipment	95,330			95,330
Office equipment	49,055			49,055
Voting machines	2,290			2,290
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,256,890</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,256,890</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 5,015	Current tax	\$ 5,015
General	<u>11</u>	Trust and Agency	<u>11</u>
Total	<u>\$ 5,026</u>	Total	<u>\$ 5,026</u>

NOTE 5 - TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 6 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers acceptance of United States banks, commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits are in accordance with statutory authority.

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 369,719	\$ 364,712
Uninsured and uncollateralized	<u>975,022</u>	<u>990,334</u>
Total deposits	<u>\$ 1,344,741</u>	<u>\$1,355,046</u>

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 7 - LONG-TERM OBLIGATIONS

1. Loan payable to Washtenaw County, dated January 1, 2002, to finance the expansion of the Multi-Lakes Sanitary Sewer System. Unadilla's portion of the liability is 29.387%. The loan is payable in annual principal installments ranging from \$88,161 graduating to \$117,548 through 2020, plus interest in semi-annual installments ranging from 3.00% to 5.00%.
2. Special assessment bonds Series 2002A payable to United States Department of Agriculture, dated March 1, 2002 to finance construction costs of the Gregory Sewer System. Payable in annual principal installments ranging from \$20,000 graduating to \$21,000 through 2042, plus interest in semi-annual installments fixed at 4.5%.
3. Special assessments bond Series 2002B payable to United States Department of Agriculture, dated March 1, 2002 to finance construction costs of the Gregory Sewer System. Payable in annual principal installments ranging from \$1,000 graduating to \$2,000 through 2042, plus interest in semi-annual installments fixed at 4.5%.

A summary of these long-term obligations as of March 31, 2004, and transactions during the year then ended are as follows:

	Balance at <u>4/1/03</u>	<u>Increase</u>	<u>Decrease</u>	Balance at <u>3/31/04</u>
2002 Multi Lakes	\$ 2,218,719	\$	\$ 132,241	\$ 2,086,478
2002 A Special Assessment	790,000		20,000	770,000
2002 B Special Assessment	<u>60,000</u>		<u>1,000</u>	<u>59,000</u>
	<u>\$ 3,068,719</u>	<u>\$</u>	<u>\$ 153,241</u>	<u>\$ 2,915,478</u>

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 8 - LONG-TERM OBLIGATIONS

The following is a schedule of principal and interest payments to service the long-term obligations of the township:

Fiscal (years)	2002 Multi-Lakes			2002 A Special Assessment		
	Interest	Principal	Total	Interest	Principal	Total
2004 - 2005	\$ 87,441	\$ 132,242	\$ 219,683	\$ 34,650	\$ 20,000	\$ 54,650
2005 - 2006	83,391	132,242	215,633	33,750	20,000	53,750
2006 - 2007	79,010	132,242	211,252	32,850	20,000	52,850
2007 - 2008	74,051	132,242	206,293	31,950	20,000	51,950
2008 - 2009	68,679	132,242	200,921	31,050	20,000	51,050
2009 - 2014	263,251	602,434	865,685	141,750	100,000	241,750
2014 - 2019	129,655	587,740	717,395	119,250	100,000	219,250
2019 - 2024	11,755	235,093	246,848	96,750	100,000	196,750
2024 - 2029				74,250	100,000	174,250
2029 - 2034				51,705	102,000	153,705
2034 - 2039				28,350	105,000	133,350
2039 - 2042				5,670	63,000	68,670
Totals	<u>\$ 797,233</u>	<u>\$ 2,086,477</u>	<u>\$ 2,883,710</u>	<u>\$ 681,975</u>	<u>\$ 770,000</u>	<u>\$ 1,451,975</u>

Fiscal (years)	2002 B Special Assessment			Total		
	Interest	Principal	Total	Interest	Principal	Total
2004 - 2005	\$ 2,655	\$ 1,000	\$ 3,655	\$ 124,746	\$ 153,242	\$ 277,988
2005 - 2006	2,610	1,000	3,610	119,751	153,242	272,993
2006 - 2007	2,565	1,000	3,565	114,425	153,242	267,667
2007 - 2008	2,520	1,000	3,520	108,521	153,242	261,763
2008 - 2009	2,475	1,000	3,475	102,204	153,242	255,446
2009 - 2014	11,700	5,000	16,700	416,701	707,434	1,124,135
2014 - 2019	10,575	5,000	15,575	259,480	692,740	952,220
2019 - 2024	9,315	8,000	17,315	117,820	343,093	460,913
2024 - 2029	7,200	10,000	17,200	81,450	110,000	191,450
2029 - 2034	4,950	10,000	14,950	56,655	112,000	168,655
2034 - 2039	2,700	10,000	12,700	31,050	115,000	146,050
2039 - 2042	540	6,000	6,540	6,210	69,000	75,210
Totals	<u>\$ 59,805</u>	<u>\$ 59,000</u>	<u>\$ 118,805</u>	<u>\$ 1,539,013</u>	<u>\$ 2,915,477</u>	<u>\$ 4,454,490</u>

UNADILLA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

NOTE 9 - EMPLOYEE RETIREMENT PLAN

The Township participates in the Manulife Defined Contribution Pension Plan Group No. 60571 for Michigan Township employees. This is a single-employer plan. All members of the township board are included in the plan. The Township contributes 7.50% of participant's compensation, while an employee contributes 7.50% of compensation. Annual compensation used to determine the current year contribution is as of April 1, preceding the year. Contribution information is as follows:

ACCOUNT VALUE AT DECEMBER 31, 2004	\$ <u>50,312</u>
TOTAL CURRENT YEAR CONTRIBUTIONS	\$ <u>6,129</u>

These balances reflect contributions for the period from January 1, 2002 to December 31, 2002. The current year employer contribution for the year ended March 31, 2004, was not available.

NOTE 10 - GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) - STATEMENT NO. 34

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

1. For the first time the financial statements will include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Townships overall financial position and results of operations.
 - Financial statements prepared using full accrual accounting for all of the Township's activities, including reporting infrastructure assets (roads, bridges, etc.).
2. A change in the fund financial statements to focus on the major funds.

The general provisions of GASB No. 34 must be implemented by Unadilla Township no later than the fiscal year ending March 31, 2005.

NOTE 11 - FEDERAL GRANT ACTIVITIES

Unadilla Township is the recipient of a rural development grant from the USDA for construction of the Gregory Sewer System. According to the terms of the grant, federal funds of up to \$2,310,000 shall be applied at a ratio of 75% of the total project cost. The remaining 25% of the project cost will be loaned to the township to be paid back over 40 years. The grant received is subject to financial and compliance audits by the grantors or their representatives. The audit for the year ended March 31, 2004 has not yet been completed and is subject to review.

SUPPLEMENTARY
INFORMATION

COMBINING
FINANCIAL
STATEMENT

UNADILLA TOWNSHIP
ALL AGENCY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004

	<u>Trust and Agency Fund</u>	<u>Current Tax Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
ASSET			
Cash	\$ <u>1,982</u>	\$ <u>5,015</u>	\$ <u>6,997</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Due to other funds	\$ 11	\$ 5,015	\$ 5,026
Due to others	<u>1,971</u>	<u> </u>	<u>1,971</u>
Total liabilities	\$ <u>1,982</u>	\$ <u>5,015</u>	\$ <u>6,997</u>

UNADILLA TOWNSHIP
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004

	<u>Police Training Fund</u>	<u>Dust Control Fund</u>	<u>Street Lighting Fund</u>	<u>Totals</u>
<u>ASSETS</u>				
ASSET				
Cash and cash equivalents	\$ 1,369	\$ 212	\$ 7,791	\$ 9,372
Taxes receivable	<u> </u>	<u>2</u>	<u>1,324</u>	<u>1,326</u>
Total assets	<u>\$ 1,369</u>	<u>\$ 214</u>	<u>\$ 9,115</u>	<u>\$ 10,698</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$	\$	\$ 599	\$ 599
FUND BALANCE	<u>1,369</u>	<u>214</u>	<u>8,516</u>	<u>10,099</u>
Total liabilities and fund balance	<u>\$ 1,369</u>	<u>\$ 214</u>	<u>\$ 9,115</u>	<u>\$ 10,698</u>

UNADILLA TOWNSHIP
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2004

	Police Training Fund	Dust Control Fund	Street Lighting Fund	Totals
REVENUES				
Grant	\$ 314	\$	\$	\$ 314
Special assessments		28	7,335	7,363
Interest income	6	1	26	33
Total revenues	320	29	7,361	7,710
EXPENDITURES				
Street lighting			7,112	7,112
Excess (deficiency) of revenues over expenditures before other financing sources	320	29	249	598
OTHER FINANCING SOURCES	1,049			1,049
Excess of revenues over expenditures after other financing sources	1,369	29	249	1,647
FUND BALANCE, APRIL 1, 2003		185	8,267	8,452
FUND BALANCE, MARCH 31, 2004	<u>\$ 1,369</u>	<u>\$ 214</u>	<u>\$ 8,516</u>	<u>\$ 10,099</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

UNADILLA TOWNSHIP
GENERAL FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

ASSETS

Cash and cash equivalents	\$ 438,644
Taxes receivable	32,560
State shared revenues receivable	29,652
Due from other funds	<u>5,026</u>

Total assets

\$ 505,882

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 18,808
Payroll taxes payable	<u>5,128</u>

Total liabilities

23,936

FUND BALANCE

481,946

Total liabilities and fund balance

\$ 505,882

UNADILLA TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$	\$ 333,236	\$
State shared revenues		225,182	
Licenses and permits		18,997	
Charges for services		40,985	
Other revenues		14,424	
Total revenues	602,550	632,824	30,274
EXPENDITURES			
Township board	5,050	4,585	465
Supervisor	21,900	20,750	1,150
Elections	7,275	6,288	987
Assessor	23,800	23,866	(66)
Auditor	6,500	6,500	
Clerk	20,450	20,251	199
Attorney	18,000	22,400	(4,400)
Board of review	2,900	2,943	(43)
Treasurer	19,315	24,939	(5,624)
Buildings and grounds	18,600	18,888	(288)
Cemetery	6,350	6,275	75
Unallocated	43,750	44,307	(557)
Police	235,446	217,830	17,616
Fire	108,405	99,144	9,261
Drains at large	18,700	17,868	832
Roads	95,000	65,362	29,638
Planning	18,697	21,779	(3,082)
Zoning	24,050	24,744	(694)
Total expenditures	694,188	648,719	45,469
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(91,638)	(15,895)	75,743
OTHER FINANCING SOURCES (USES)			
Operating transfer - in			
Operating transfer - (out)		(1,049)	(1,049)
Total other financing sources (uses)		(1,049)	(1,049)
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	(91,638)	(16,944)	74,694
FUND BALANCE, APRIL 1, 2003	498,890	498,890	
FUND BALANCE, MARCH 31, 2004	\$ 407,252	\$ 481,946	\$ 74,694

UNADILLA TOWNSHIP
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
PROPERTY TAXES	\$ 333,200	\$ 333,236	\$ 36
STATE SHARED REVENUES	<u>215,000</u>	<u>225,182</u>	<u>10,182</u>
LICENSES AND PERMITS			
Licenses and permits		9,795	
Cable franchise		<u>9,202</u>	
Total licenses and permits	<u>16,000</u>	<u>18,997</u>	<u>2,997</u>
CHARGES FOR SERVICES			
Tax administrative fees		27,712	
Liquor license fees		1,193	
Fines and forfeits		1,971	
Fire service		595	
Tax collection fees		5,995	
Other services		<u>3,519</u>	
Total charges for services	<u>31,850</u>	<u>40,985</u>	<u>9,135</u>
OTHER REVENUES			
Interest		5,914	
Miscellaneous		<u>8,510</u>	
Total other revenues	<u>6,500</u>	<u>14,424</u>	<u>7,924</u>
Total revenues	<u>\$ 602,550</u>	<u>\$ 632,824</u>	<u>\$ 30,274</u>

UNADILLA TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD	\$ 5,050	\$ 4,585	\$ 465
SUPERVISOR			
Salary		20,000	
Miscellaneous		750	
Total supervisor	<u>21,900</u>	<u>20,750</u>	<u>1,150</u>
ELECTIONS			
Capital outlay		6,288	
Total elections	<u>7,275</u>	<u>6,288</u>	<u>987</u>
ASSESSOR			
Contract		21,906	
Supplies		240	
Miscellaneous		1,720	
Total assessor	<u>23,800</u>	<u>23,866</u>	<u>(66)</u>
CLERK			
Salaries		20,000	
Miscellaneous		251	
Total clerk	<u>20,450</u>	<u>20,251</u>	<u>199</u>
ATTORNEY	<u>18,000</u>	<u>22,400</u>	<u>(4,400)</u>
AUDITOR	<u>6,500</u>	<u>6,500</u>	
BOARD OF REVIEW			
Salaries		2,000	
Miscellaneous		943	
Total board of review	<u>2,900</u>	<u>2,943</u>	<u>(43)</u>

UNADILLA TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TREASURER			
Salaries		20,000	
Tax bill preparation		4,415	
Miscellaneous		<u>524</u>	
Total treasurer	<u>19,315</u>	<u>24,939</u>	<u>(5,624)</u>
BUILDING AND GROUNDS			
Maintenance		3,222	
Telephone and utilities		5,603	
Insurance and bonds		9,638	
Miscellaneous		<u>425</u>	
Total building and grounds	<u>18,600</u>	<u>18,888</u>	<u>(288)</u>
CEMETERY	<u>6,350</u>	<u>6,275</u>	<u>75</u>
UNALLOCATED			
Salaries		14,536	
Audit		7,500	
Payroll taxes		3,693	
Retirement		6,472	
Supplies		2,943	
Publishing		2,025	
Dues		2,021	
Miscellaneous		2,303	
Clean up day		<u>2,814</u>	
Total general	<u>43,750</u>	<u>44,307</u>	<u>(557)</u>

UNADILLA TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
POLICE			
Salaries		139,907	
Payroll taxes		10,440	
Retirement		2,250	
Health insurance		12,402	
Training		2,084	
Supplies		3,518	
Uniforms		2,124	
Telephone		4,211	
Insurance		11,796	
Utilities		3,164	
Sewer assessment		2,129	
Repairs and maintenance		11,415	
Miscellaneous		4,124	
Legal		2,048	
Small equipment		6,218	
	<u>235,446</u>	<u>217,830</u>	<u>17,616</u>
Total police			
FIRE			
Salaries		42,426	
Payroll taxes		2,556	
Supplies		1,300	
Telephone		2,623	
Training		1,502	
Miscellaneous		1,546	
Insurance		12,370	
Utilities		4,381	
Sewer assessment		2,849	
Repairs and maintenance		16,113	
Capital outlay		11,478	
	<u>108,405</u>	<u>99,144</u>	<u>9,261</u>
Total fire			
DRAINS AT LARGE	<u>18,700</u>	<u>17,868</u>	<u>832</u>
ROADS	<u>95,000</u>	<u>65,362</u>	<u>29,638</u>

UNADILLA TOWNSHIP
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - (continued)
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
PLANNING			
Salaries		5,968	
Legal		1,612	
Consulting		12,841	
Miscellaneous		<u>1,358</u>	
Total planning	<u>18,697</u>	<u>21,779</u>	<u>(3,082)</u>
ZONING			
Salaries		700	
Legal		10,929	
Consulting		10,045	
Miscellaneous		<u>3,070</u>	
Total zoning	<u>24,050</u>	<u>24,744</u>	<u>(694)</u>
Total expenditures	<u>\$ 694,188</u>	<u>\$ 648,719</u>	<u>\$ 45,469</u>

POLICE
TRAINING
FUND

UNADILLA TOWNSHIP
POLICE TRAINING FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

ASSETS
Cash

\$ 1,369

FUND BALANCE

FUND BALANCE

\$ 1,369

UNADILLA TOWNSHIP
POLICE TRAINING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

REVENUES

Grant	\$ 314
Interest income	<u>6</u>

Total revenues	<u>320</u>
----------------	------------

EXPENDITURES

Excess (deficiency) of revenues
over expenditures before other
financing sources (uses)

OTHER FINANCING SOURCES (USES)

Operating transfer - in	<u>1,049</u>
-------------------------	--------------

Total other financing sources (uses)	1,049
--------------------------------------	-------

Excess (deficiency) of revenues
over expenditures after other
financing sources (uses)

	<u>1,369</u>
--	--------------

FUND BALANCE, APRIL 1, 2003

FUND BALANCE, MARCH 31, 2004

	<u>\$ 1,369</u>
--	-----------------

DUST
CONTROL
FUND

UNADILLA TOWNSHIP
DUST CONTROL FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

ASSETS

Cash

\$ 212

Taxes receivable

2

Total assets

\$ 214

FUND BALANCE

FUND BALANCE

\$ 214

UNADILLA TOWNSHIP
DUST CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

REVENUES

Special assessments
Interest income

\$ 28
1

Total revenues

29

EXPENDITURES

Excess (deficiency) of revenues
over expenditures

29

FUND BALANCE, APRIL 1, 2003

185

FUND BALANCE, MARCH 31, 2004

\$ 214

STREET LIGHTING
FUND

UNADILLA TOWNSHIP
STREET LIGHTING FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

ASSETS

Cash and cash equivalents
Taxes receivable

\$ 7,791
1,324

Total assets

\$ 9,115

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 599

FUND BALANCE

8,516

Total liabilities and fund balance

\$ 9,115

UNADILLA TOWNSHIP
STREET LIGHTING FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

REVENUES

Special assessments
Interest

\$ 7,335
26

Total revenues

7,361

EXPENDITURES

Street lighting

7,112

Excess (deficiency) of revenues
over expenditures

249

FUND BALANCE, APRIL 1, 2003

8,267

FUND BALANCE, MARCH 31, 2004

\$ 8,516

DEBT
RETIREMENT
FUND

UNADILLA TOWNSHIP
DEBT RETIREMENT FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

ASSETS
Cash

\$ 5,931

FUND BALANCE

FUND BALANCE

\$ 5,931

UNADILLA TOWNSHIP
DEBT RETIREMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

REVENUES	
Interest income	\$ <u>30</u>
EXPENDITURES	
Miscellaneous	<u>31</u>
Total expenditures	<u>31</u>
Excess (deficiency) of revenues over expenditures	(1)
FUND BALANCE, APRIL 1, 2003	<u>5,932</u>
FUND BALANCE, MARCH 31, 2004	<u>\$ 5,931</u>

SEWER
CAPITAL PROJECTS
FUND

UNADILLA TOWNSHIP
SEWER CAPITAL PROJECTS FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

ASSETS

Cash and cash equivalents
Due from county

\$ 883,797
31,517

Total current assets

\$ 915,314

DEFERRED SPECIAL ASSESSMENT RECEIVABLE

2,210,419

Total assets

\$ 3,125,733

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenues

\$ 2,210,419

FUND BALANCE

915,314

Total liabilities and fund balance

\$ 3,125,733

UNADILLA TOWNSHIP
SEWER CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

REVENUES

Special assessment interest	\$ 138,187
Special assessment revenue	269,238
USDA proceeds	366,000
Interest income	<u>4,065</u>
Total revenues	777,490

EXPENDITURES

Bond principal	153,241
Bond interest	129,699
Sewer capital outlay	368,230
Bank charges	<u>230</u>
Total expenditures	<u>651,400</u>

Excess (deficiency) of revenues over expenditures	126,090
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FUND BALANCE, APRIL 1, 2003	<u>789,224</u>
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FUND BALANCE, MARCH 31, 2003	<u>\$ 915,314</u>
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TRUST
AND
AGENCY
FUND

UNADILLA TOWNSHIP
TRUST AND AGENCY FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

ASSETS
Cash

\$ 1,982

LIABILITIES

LIABILITIES
Due to other funds
Due to others

\$ 11
1,971

Total

\$ 1,982

CURRENT
TAX
COLLECTION
FUND

UNADILLA TOWNSHIP
CURRENT TAX COLLECTION FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

ASSETS
Cash

\$ 5,015

LIABILITIES

LIABILITIES
Due to other funds

\$ 5,015

UNADILLA TOWNSHIP

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED MARCH 31, 2004

PFEFFER • HANNIFORD • PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
AICPA Private Practice Companies Section
MACPA

225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
FAX (810) 229-5578

August 17, 2004

Board of Trustees
Unadilla Township
18806 Dexter Trail
Gregory, Michigan 48137

Honorable Board of Trustees:

In planning and performing our audit of the general purpose financial statements of Unadilla Township for the year ended March 31, 2004, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Those matters are as follows:

1. COMMENT

For the year ended March 31, 2004, we found instances where expenditures exceeded budget appropriations.

RECOMMENDATION

Before an actual expenditure exceeds the appropriated budget, the budget should be amended.

2. COMMENT

As of March 31, 2004, the following interfund receivables and payables were outstanding:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 5,026	\$
Current Tax Collection Fund		5,015
Trust and Agency Fund		11

RECOMMENDATION

The aforementioned interfund receivable and payable should be paid as soon as feasibly possible.

3. COMMENT

Noticed instances where no 1099's were issued.

RECOMMENDATION

By law, 1099's must be issued to those who qualify.

4. COMMENT

There was little or no activity with the 1991 Debt Retirement Fund.

RECOMMENDATION

If the requirements for this fund have been met, the board should consider closing out the account.

This letter does not affect our report dated August 17, 2004 on the general purpose financial statements of Unadilla Township.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Board of Trustees, and management of Unadilla Township and is not intended to be and should not be used by anyone other than the specified parties.



PFEFFER, HANNIFORD & PALKA
Certified Public Accountants